



## SHORT TAKES ON NEWS & EVENTS

# 29 States Get 'F' For Price Transparency Laws

By Russ Mitchell

MARCH 18TH, 2013, 6:12 AM

Wonder why you can't get a straight answer on how much a health care procedure will cost you? One big reason: State laws which allow hospitals and other providers to keep costs hidden until they send you the bill.

A [report card on price transparency](#) released today gives 29 states an "F" and seven states a "D" for policies that keep patients and their families in the dark on prices. The failing grade went to those with practically no transparency requirements.

Only two states, Massachusetts and New Hampshire, rate an "A," and even they could improve their laws, according to [the report by the Catalyst for Payment Reform](#), a consortium of health care purchasers such as GE, Wal-Mart and The Boeing Company, and the [Health Care Incentives Improvement Institute](#), a nonprofit group seeking to improve health care with evidence-based incentive programs.

The high prices that American health care providers charge, often with little connection to actual costs, have been in the national spotlight since Time magazine devoted its entire March 4 issue to [an investigation by Steven Brill](#).

Most consumers are unaware of the tremendous variation in price. For instance, prices for knee replacement surgery in the same California market can range from \$15,000 to more than \$100,000, depending on the hospital, with no discernible difference in quality.



Photo by Phil Jern via Flickr

High deductible insurance plans are becoming more common, with employers hoping consumers with “skin in the game” will shop around to help keep prices down. But, the authors note, consumers cannot make informed decisions without being able to comparison shop on the basis of either price or quality.

“Consumers deserve to have as much information about the price of their health care as they do about restaurants, cars, and household appliances,” the report says.

The grades reflect the quality and scope of the pricing data that states require and how well they disseminate it — public websites gain high points, for example. The grades also discriminate between ‘charges,’ the prices that hospitals say they charge for services, and what a consumer and her insurance company actually pay for them. There is often little connection between the two. States that require disclosure of actual prices earned higher grades.

The groups plan to update the state report cards an annually.

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## 2 Responses to “29 States Get ‘F’ For Price Transparency Laws”

**EDMUND L. VALENTINE SAYS:**  
MARCH 18, 2013 AT 11:27 AM

Demanding transparency is something that comes when an industry is moving from a specialty offering in limited supply to more of a commodity offering. This occurs when the power begins to shift from the provider of a product or service to the purchaser/consumer. Healthcare market competition is enabling a power shift to the payer/consumer – enabling the demand for more pricing and quality transparency. Social media is fueling the message...and technology is enabling this to happen. This is great for the United States economy and for each of us. The first area that will be focused upon by providers, to maintain their profits, are the inefficiencies in the healthcare system. Greater transparency will continue to drive prices down. At a certain point, prices will hit their relative bottom and the focus will shift to competing on quality of care as measured by reported comparable outcomes statistics. This process will be bumpy and will take a few years...but marketplace competition, if allowed to play out, will result in lower relative healthcare costs, improved quality, innovation, and better care for all of us. Hopefully it will also decrease the non-patient care demands on our

physicians and our allied healthcare professional who just want to deliver the best possible care to their patients. Kudos to Steven Brill and groups like the Catalyst for Payment Reform and the Health Care Incentives Improvement Institute that are helping to accelerate our journey down this very constructive path.

SUSAN PENNER SAYS:  
MARCH 18, 2013 AT 12:15 PM

I find it amazing that California would not get an “A” for hospital pricing transparency when the state has made hospital chargemasters available to the public for over 5 years. I do not have a personal/financial interest in this matter, but I use the chargemasters database in teaching financial concepts to health professionals.

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